

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS  
OF  
BOYS & GIRLS CLUB OF SAN MARCOS  
JUNE 30, 2021 AND 2020**

**BOYS & GIRLS CLUB OF SAN MARCOS  
TABLE OF CONTENTS  
JUNE 30, 2021 AND 2020**

Independent Auditor's Report.....	1
Statements of Financial Position.....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	5
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8



### Independent Auditor's Report

To the Board of Directors of  
Boys & Girls Club of San Marcos  
San Marcos, California

We have audited the accompanying financial statements of Boys & Girls Club of San Marcos (a nonprofit club), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Club of San Marcos as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Covell, Jani & Pasch LLP*

Escondido, California  
January 24, 2022

**BOYS & GIRLS CLUB OF SAN MARCOS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

<b>ASSETS</b>			
		<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	793,167	\$ 369,682
Investments, without donor restrictions		1,279,601	930,995
Grants receivable		515,266	165,962
Prepaid expenses		<u>39,507</u>	<u>40,123</u>
<b>TOTAL CURRENT ASSETS</b>		<b>2,627,541</b>	<b>1,506,762</b>
 PROPERTY AND EQUIPMENT, NET		 413,221	 484,719
 INVESTMENTS, ENDOWMENT (WITH DONOR RESTRICTIONS)		 <u>65,001</u>	 <u>65,001</u>
 <b>TOTAL ASSETS</b>		 <b><u>\$ 3,105,763</u></b>	 <b><u>\$ 2,056,482</u></b>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	16,328	\$ 32,861
Accrued liabilities		15,931	-
Refundable advance		-	72,674
Accrued payroll liabilities		46,194	33,225
Deferred revenue and deposits		<u>67,905</u>	<u>65,343</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>146,358</u></b>	<b><u>204,103</u></b>
 TOTAL LIABILITIES		 <u>146,358</u>	 <u>204,103</u>
 NET ASSETS			
Without donor restrictions		2,778,417	1,782,031
With donor restrictions		<u>180,988</u>	<u>70,348</u>
<b>TOTAL NET ASSETS</b>		<b><u>2,959,405</u></b>	<b><u>1,852,379</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>		 <b><u>\$ 3,105,763</u></b>	 <b><u>\$ 2,056,482</u></b>

See independent auditor's report and notes to financial statements

**BOYS & GIRLS CLUB OF SAN MARCOS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>Year Ended June 30, 2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
General club revenue	\$ 318,288	\$ -	\$ 318,288
Grants	2,309,960	100,000	2,409,960
Public support contributions	231,689	11,462	243,151
United Way contribution	2,138	-	2,138
Special events (net of direct expenses \$46,836)	141,757	-	141,757
Interest and dividends	31,487	-	31,487
Other income	749	-	749
Gain (loss) on disposal of assets	4,900	-	4,900
Investment return, net	305,686	-	305,686
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,346,654</b>	<b>111,462</b>	<b>3,458,116</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>822</b>	<b>(822)</b>	<b>-</b>
	<b>3,347,476</b>	<b>110,640</b>	<b>3,458,116</b>
<b>EXPENSES</b>			
<b>PROGRAM SERVICES</b>			
Jennifer Loscher branch	515,670	-	515,670
San Marcos Unified School District	1,157,433	-	1,157,433
Other programs	154,243	-	154,243
<b>TOTAL PROGRAM SERVICES</b>	<b>1,827,346</b>	<b>-</b>	<b>1,827,346</b>
<b>SUPPORTING SERVICES</b>			
Management and general expenses	342,868	-	342,868
Fundraising costs	180,876	-	180,876
<b>TOTAL SUPPORTING SERVICES</b>	<b>523,744</b>	<b>-</b>	<b>523,744</b>
<b>TOTAL EXPENSES</b>	<b>2,351,090</b>	<b>-</b>	<b>2,351,090</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>996,386</b>	<b>110,640</b>	<b>1,107,026</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,782,031</b>	<b>70,348</b>	<b>1,852,379</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,778,417</b>	<b>\$ 180,988</b>	<b>\$ 2,959,405</b>

See independent auditor's report and notes to financial statements

**BOYS & GIRLS CLUB OF SAN MARCOS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>Year Ended June 30, 2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
General club revenue	\$ 617,473	\$ -	\$ 617,473
Grants	1,322,626	-	1,322,626
Public support contributions	394,326	5,000	399,326
United Way contribution	2,108	-	2,108
Special events (net of direct expenses \$33,644)	117,433	-	117,433
Interest and dividends	29,850	-	29,850
Other income	10,824	-	10,824
Investment return, net	101,938	-	101,938
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,596,578</b>	<b>5,000</b>	<b>2,601,578</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2,596,578</b>	<b>5,000</b>	<b>2,601,578</b>
<b>EXPENSES</b>			
<b>PROGRAM SERVICES</b>			
Jennifer Loscher branch	537,388	-	537,388
San Marcos Unified School District	1,204,065	-	1,204,065
Other programs	160,180	-	160,180
<b>TOTAL PROGRAM SERVICES</b>	<b>1,901,633</b>	<b>-</b>	<b>1,901,633</b>
<b>SUPPORTING SERVICES</b>			
Management and general expenses	358,953	-	358,953
Fundraising costs	183,932	-	183,932
<b>TOTAL SUPPORTING SERVICES</b>	<b>542,885</b>	<b>-</b>	<b>542,885</b>
<b>TOTAL EXPENSES</b>	<b>2,444,518</b>	<b>-</b>	<b>2,444,518</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>152,060</b>	<b>5,000</b>	<b>157,060</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,629,971</b>	<b>65,348</b>	<b>1,695,319</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,782,031</b>	<b>\$ 70,348</b>	<b>\$ 1,852,379</b>

See independent auditor's report and notes to financial statements

**BOYS & GIRLS CLUB OF SAN MARCOS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services				Support Services		Total Expenses	
	Jennifer Loscher Branch	San Marcos Unified School District	Other Programs	Total Program Services	Management and General	Fundraising Costs	Total Support Services	Year Ended June 30, 2021
<b>EXPENSES</b>								
Advertising, promotions, and awards	\$ 2,317	\$ 4,671	\$ 661	\$ 7,649	\$ 2,262	\$ 758	\$ 3,020	\$ 10,669
Bank and merchant fees	2,583	5,215	738	8,536	2,524	846	3,370	11,906
Depreciation	18,831	38,009	5,380	62,220	18,397	6,161	24,558	86,778
Dues and licenses	5,264	10,624	1,505	17,393	5,143	1,722	6,865	24,258
Employee benefits	29,673	59,890	8,476	98,039	28,988	9,709	38,697	136,736
Employee wages and salaries	325,973	788,677	102,047	1,216,697	187,738	97,744	285,482	1,502,179
Employer payroll taxes, WC insurance and fees	39,844	80,420	11,384	131,648	38,925	13,037	51,962	183,610
Insurance	5,369	10,839	1,533	17,741	5,243	1,756	6,999	24,740
Outside Services	424	855	121	1,400	413	139	552	1,952
Postage	546	1,102	155	1,803	534	179	713	2,516
Professional fees	23,406	47,242	6,690	77,338	22,864	7,661	30,525	107,863
Program field trips	8	16	2	26	8	3	11	37
Repairs and maintenance	9,790	19,760	2,796	32,346	9,564	3,203	12,767	45,113
Scholarships	7,000	-	-	7,000	-	-	-	7,000
Supplies and equipment	26,560	53,610	7,589	87,759	2,597	32,041	34,638	122,397
Telephone and utilities	10,075	20,337	2,878	33,290	9,842	3,296	13,138	46,428
Training and conference	7,460	15,060	2,131	24,651	7,289	2,442	9,731	34,382
Travel	547	1,106	157	1,810	537	179	716	2,526
<b>TOTAL EXPENSES</b>	<b>\$ 515,670</b>	<b>\$ 1,157,433</b>	<b>\$ 154,243</b>	<b>\$ 1,827,346</b>	<b>\$ 342,868</b>	<b>\$ 180,876</b>	<b>\$ 523,744</b>	<b>\$ 2,351,090</b>

See independent auditor's report and notes to financial statements

**BOYS & GIRLS CLUB OF SAN MARCOS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Jennifer Loscher Branch	Program Services				Support Services		Total Expenses	
		San Marcos Unified School District	Other Programs	Total Program Services	Management and General	Fundraising Costs	Total Support Services	Year Ended June 30, 2020	
<b>EXPENSES</b>									
Advertising, promotions, and awards	\$ 240	\$ 484	\$ 68	\$ 792	\$ 235	\$ 78	\$ 313	\$	1,105
Bad debt expense	-	-	-	-	-	4,140	4,140		4,140
Bank and merchant fees	3,037	6,131	867	10,035	2,967	995	3,962		13,997
Depreciation	20,335	41,045	5,810	67,190	19,868	6,653	26,521		93,711
Dues and licenses	4,833	9,755	1,382	15,970	4,722	1,581	6,303		22,273
Employee benefits	20,634	41,646	5,894	68,174	20,157	6,751	26,908		95,082
Employee wages and salaries	347,975	841,909	108,934	1,298,818	200,409	104,342	304,751		1,603,569
Employer payroll taxes, WC insurance and fees	42,962	86,713	12,274	141,949	41,972	14,057	56,029		197,978
Insurance	4,459	9,002	1,274	14,735	4,354	1,459	5,813		20,548
Outside Services	8,899	17,962	2,541	29,402	8,693	2,911	11,604		41,006
Postage	123	247	35	405	119	40	159		564
Professional fees	8,958	18,080	2,560	29,598	8,751	2,932	11,683		41,281
Program field trips	3,718	7,535	1,053	12,306	3,652	1,217	4,869		17,175
Repairs and maintenance	14,001	28,258	3,999	46,258	13,677	4,580	18,257		64,515
Scholarships	10,000	-	-	10,000	-	-	-		10,000
Supplies and equipment	19,047	38,445	5,442	62,934	1,863	22,977	24,840		87,774
Telephone and utilities	11,006	22,216	3,144	36,366	10,752	3,601	14,353		50,719
Training and conference	4,481	9,046	1,280	14,807	4,379	1,467	5,846		20,653
Travel	12,680	25,591	3,623	41,894	12,383	4,151	16,534		58,428
<b>TOTAL EXPENSES</b>	<b>\$ 537,388</b>	<b>\$ 1,204,065</b>	<b>\$ 160,180</b>	<b>\$ 1,901,633</b>	<b>\$ 358,953</b>	<b>\$ 183,932</b>	<b>\$ 542,885</b>	<b>\$</b>	<b>2,444,518</b>



**BOYS & GIRLS CLUB OF SAN MARCOS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,107,026	\$ 157,060
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation	86,778	93,711
Gain (loss) on disposal of assets	(4,900)	-
Realized and unrealized (gain) loss on investments	(318,341)	(112,252)
(Increase) decrease in accounts receivable	-	39,798
(Increase) decrease in grants receivable	(349,304)	(41,147)
(Increase) decrease in prepaid expenses	615	(30,999)
(Increase) decrease in other current assets	-	6,422
Increase (decrease) in accounts payable	(16,533)	(28,129)
Increase (decrease) in accrued expenses	(56,742)	66,561
Increase (decrease) in accrued payroll expenses	12,969	(5,501)
Increase (decrease) in deferred revenue and deposits	2,563	(24,085)
Total adjustments	<u>(642,895)</u>	<u>(35,621)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>464,131</u>	<u>121,439</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(17,281)	(6,473)
Proceeds from the sale of assets	6,900	-
Proceeds from sale of investments	587,977	717,669
Purchase of investments	<u>(618,242)</u>	<u>(610,465)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(40,646)</u>	<u>100,731</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>423,485</b>	<b>222,170</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>369,682</b></u>	<u><b>147,512</b></u>
<b>CASH, END OF YEAR</b>	<u><b>\$ 793,167</b></u>	<u><b>\$ 369,682</b></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
<b>CASH PAID DURING THE YEAR FOR:</b>		
Interest expense	\$ -	\$ -
Income tax	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and notes to financial statements

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**A. ORGANIZATION**

The Boys & Girls Club of San Marcos (the "Club") was incorporated January 23, 1979 pursuant to the general nonprofit corporation law of the state of California. The specific purpose of the Club is to promote the social, educational, health, leadership, and character development of boys and girls during critical periods of their growth. The Club maintains one primary facility and various sub-sites in the San Marcos area.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Club's accounting records and the accompanying financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP) whereby all revenue is recognized when earned rather than received and expenses are recognized when incurred rather than when paid and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Non-For-Profit Entities*. Under ASU 2016-14, the Club is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets without donor restriction:** net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the club. These net assets may be used at the discretion of the Club's board of directors.

**Net assets with donor restriction:** net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Club or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

The Company considers instruments purchased with a fixed maturity date of three months or less to be cash equivalents for the purposes of the statement of cash flows.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

The Club carries investments in marketable securities with readily determinable fair values at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

**Endowment Funds:** The Club's endowment was created with a restricted corpus of \$65,001 established in 1998. The corpus is part of the Club's investment account which is governed by the Endowment Investment Policy adopted by the Board in April 2009. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Club has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Club classifies as with donor restrictions net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Club and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Club, and (7) the Club investment policies.

**Investment Return Objectives, Risk Parameters and Strategies:** The investment goal is to achieve a total return that provides incremental value when benchmarked or compared to the relevant indexes. The Endowment Committee adheres to a total return policy in measuring investment performance. Total return is the sum of interest, dividends, and realized and unrealized gains and losses. The objective is for the portfolio to yield a total return (after fees and before distributions to current operations) of 3% over inflation, over a market cycle of usually 3-5 years, as measured by the Consumer Price Index (all urban CPI) annually. The Endowment Committee has the responsibility of determining the asset allocation guidelines that are the highest probability of achieving superior investment performance. The committee believes that the ultimate achievement of its investment mission statement is impacted most by the asset allocation decision. It is also the primary determinant of volatility of returns.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments (continued)

The endowment asset allocation guidelines are designed to portray the investment structure of the fund over a long time horizon. The advisors shall recommend an appropriate asset allocation mix for the portfolio within the following guidelines:

1. The equity portion of the portfolio will be managed within a range of 40% to 70%.
2. The fixed income portion will be managed within a range of 30% to 60%.

If the manager deems it necessary to vary from these ranges, such variance shall be discussed with the Club's Endowment Committee and approved by the Board of Directors if a change is to be made.

The following categories of securities transactions are not permissible within the Club's portfolio:

1. Short sales
2. Put and call options (except that calls may be written against securities owned)
3. Margin purchases or lending or borrowing money, except for publicly traded corporate debt
4. Letter stock, private placement, or direct placements
5. Equity securities of any company which has a record of less than three years continuous operation, including the operation of any predecessor
6. Purchase for purposes of exercising control of management
7. Derivatives of any other type
8. Stock loans
9. Commodities
10. Oil or gas real property, without prior consultation with the Endowment Committee

The Endowment Committee is responsible for monitoring the investment management of the endowment funds' assets. The committee will hold formal meetings with the investment advisors periodically, at least semiannually. These meetings will include:

- A. A summary of investment performance for the period measured against established performance benchmarks
- B. A report of the portfolio's holdings showing individual security positions, at cost and market value
- C. A review of all transactions, including a report of all capital gains and losses
- D. Discussion on portfolio structure in light of current and anticipated market conditions and investment objectives of the funds

The investment advisors will furnish the Endowment Committee a quarterly report on a timely basis summarizing investment performance and showing individual security positions at cost and market. The report should also include a review of all transactions, including all capital gains and losses.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments (continued)

The investment advisors are expected to notify the Endowment Committee whenever significant developments occur that may affect the portfolio. These developments include, but are not limited to, major changes in investment outlook, investment strategy, or any other matters affecting investing policy.

The portfolio's custodian will issue a monthly report of the portfolio's holdings showing individual security positions, at cost and market value, on a timely basis. Such report will also show all transactions, including a report of all capital gains and losses.

From time to time, the fair value of assets associated with individual or donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Club to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, a deficiency of this nature is reported as unrestricted net assets. There was no such deficiency as of June 30, 2021 and 2020.

**Spending Policy:** This concept calls for a specific dollar amount based on a percentage of endowed assets to be used for the annual operating budget of the Club regardless of interim market fluctuations, income and dividend levels or capital gains/losses. The board will designate which funds will be considered endowed for purposes of this policy. Any funds not a part of the Club's endowment may be subject to other donor or board spending restrictions.

The percentage of total endowed fund assets used annually by the Club is the spending policy. The Board of Directors will set this percentage. The spending policy percentage will be multiplied by the "adjusted asset base" to determine the dollar value available for Club operations. The "adjusted asset base" figure will be a moving aggregate of the previous 12-quarter end market values of eligible assets.

For the purposes of this policy, the Club will use 5% of the eligible assets on an annual basis to support club operations. This spending policy will go into effect once the fund's total "eligible asset base" reaches \$5 million. However, this may be reviewed and/or changed by the Board of Directors.

Accounts Receivable

Accounts receivable consist of promises to give for event sponsorships and grant contracts and are stated at unpaid balances.

Advertising

The Club expenses advertising costs as they are incurred. The total advertising expense for the years ended June 30, 2021 and 2020 was \$10,669 and \$1,105, respectively.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Promises to Give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Generally, the Club capitalizes assets with a value of \$500 or more. Expenditures for maintenance, repairs, and improvements, which do not materially extend the useful lives of the assets, are charged to operations in the periods incurred. Depreciation is provided on the straight-line and double declining methods over the estimated useful lives of the assets as follows:

<u>Asset</u>	<u>Life</u>
Building	30 years
Computers and peripherals	5-7 years
Furniture and fixtures	7 years
Leasehold improvements	10-30 years
Office equipment	5-7 years
Software	3 years
Vehicles	5-10 years

Contributions of long-lived assets, or cash or other assets that must be used to acquire these assets, are reported as increases in temporarily restricted net assets. Restrictions are considered met, and an appropriate amount is reclassified to unrestricted net assets over the useful life of the long-lived assets as determined by the Club's depreciation policy.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Revenue

Program fee revenue collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues and fees relate. Special event donations that are collected prior to the fiscal year in which the events occur are also deferred and recognized in the periods where the related expenses and events occur.

Donated Services

Some of the Club's functions and programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. Nevertheless, a substantial number of volunteers donated many hours of their time to the Club.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Taxes

The Club is a private not-for-profit corporation organized under the laws of the state of California. As a Section 501(c)(3) club, it is exempt from income taxes under the U.S. Internal Revenue Code and Section 23701(d) of the California State Revenue and Taxation Code, except for unrelated business activities or unrelated business income. During the years ended June 30, 2021 and 2020, there were no unrelated business activities or unrelated business income.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses which report certain categories of expenses that are attributable to more than one program or support function. The expenses include employee wages and salaries, which are allocated to program and support services based on payroll costs for those services. Scholarships are allocated based on the program they benefit. All other expenses are allocated based approximately on the related wage and salary expenses.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**C. CASH FLOW INFORMATION**

The Club did not have any non-cash financing transactions relating to the purchase of fixed assets for the years ended June 30, 2021 and 2020.

**D. AVAILABILITY AND LIQUIDITY**

The following reflects the Club's financial assets as of June 30, 2021, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date:

Financial assets at year-end:	
Cash and cash equivalents	\$ 793,167
Investments	1,344,602
Grants receivable	<u>515,266</u>
Total financial assets	2,653,035
Less amounts not available to be used within one year:	
Investment endowment	<u>(65,001)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u>\$ 2,588,034</u>

The Club regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Club considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

**E. FAIR VALUE MEASUREMENTS**

The Club follows guidance issued by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, which provides the framework for measuring the fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:



**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**E. FAIR VALUE MEASUREMENTS (CONTINUED)**

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the club has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
  - quoted prices for identical or similar assets or liabilities in inactive markets
  - inputs other than quoted prices that are observable for the asset or liability
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means
  - If the asset or liability has specified (contractual) terms, the level 2 input must be observable for substantially the full term of the assets or liability
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For purposes of financial reporting, the Club has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at June 30, 2021 and 2020, based on their short maturities and/or the terms available to the Club in financial markets.

The following table sets forth by level, within the fair value hierarchy, the Club's investments, other than money market funds, included in cash at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Bond funds	\$ 182,861	\$ -	\$ -	\$ 182,861
Large blend funds	37,634	-	-	37,634
Equities & exchange-traded				
Communication services	105,410	-	-	105,410
Consumer cyclical	48,162	-	-	48,162
Consumer defensive	35,329	-	-	35,329
Consumer goods	54,400	-	-	54,400
Diversified emerging mkt	26,623	-	-	26,623
Energy	5	-	-	5
Financial services	131,024	-	-	131,024
Health	41,990	-	-	41,990
Industrial goods	15,871	-	-	15,871
Large allocation equity	62,629	-	-	62,629
Large blend	93,322	-	-	93,322
Large growth	201,582	-	-	201,582
Preferred stock (ETF)	1,770	-	-	1,770
Small allocation equity	64,050	-	-	64,050
Technology	216,087	-	-	216,087
World stock	25,853	-	-	25,853
Total asset fair value	<u>\$ 1,344,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344,602</u>

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**E. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, the Club's investments, other than money market funds, included in cash at fair value as of June 30, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Bond funds	\$ 155,086	\$ -	\$ -	\$ 155,086
Large blend funds	27,286	-	-	27,286
Equities & exchange-traded				
Communication services	32,890	-	-	32,890
Consumer cyclical	38,623	-	-	38,623
Consumer defensive	32,672	-	-	32,672
Consumer goods	41,400	-	-	41,400
Energy	2	-	-	2
Financial services	128,666	-	-	128,666
Health	62,963	-	-	62,963
Industrial goods	43,485	-	-	43,485
Large blend	67,196	-	-	67,196
Large growth	27,731	-	-	27,731
Preferred stock (ETF)	1,559	-	-	1,559
Real Estate	48,178	-	-	48,178
Technology	282,616	-	-	282,616
Utilities	5,643	-	-	5,643
Total asset fair value	<u>\$ 995,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 995,996</u>

**F. INVESTMENTS**

The amortized cost of securities and their approximate fair values are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Available for sale		
Gross amortized cost	\$1,024,730	\$ 831,818
Unrealized gain (loss) on investments	<u>319,872</u>	<u>164,178</u>
Fair market value	<u>\$1,344,602</u>	<u>\$ 995,996</u>

Investments are classified as follows at June 30:

	<u>2021</u>	<u>2020</u>
Investments, without donor restrictions	\$1,279,601	\$ 930,995
Investments, endowment (restricted)	<u>65,001</u>	<u>65,001</u>
	<u>\$1,344,602</u>	<u>\$ 995,996</u>

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**F. INVESTMENTS (CONTINUED)**

Investment return, net consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Realized and unrealized gains (losses), net	\$ 318,341	\$ 112,252
Investment management fees	<u>(12,655)</u>	<u>(10,314)</u>
	<u>\$ 305,686</u>	<u>\$ 101,938</u>

**G. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
<u>Grants receivable</u>		
Boys & Girls Clubs of America	\$ -	\$ 27,601
Employee retention credit (see Note P)	428,478	
Copper Creek Housing Associates	8,258	-
Hope through Housing	6,000	-
San Marcos Unified School District – JAL	4,868	22,862
San Marcos Unified School District – LMA	17,097	33,692
San Marcos Unified School District – SME	5,689	18,415
San Marcos Unified School District – SMMS	25,597	36,322
San Marcos Unified School District – WPMS	<u>19,279</u>	<u>27,070</u>
	<u>\$ 515,266</u>	<u>\$ 165,962</u>

All unconditional promises to give are receivable in less than one year. The Club believes all receivables are fully collectible and that no allowance for uncollectible accounts is needed.

**H. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30:

	<u>2021</u>	<u>2020</u>
Building	\$1,318,013	\$1,318,013
Computers and peripherals	111,361	97,706
Furniture and fixtures	115,089	111,464
Leasehold improvements	365,906	365,906
Office equipment	20,630	20,630
Software	12,121	12,121
Vehicles	<u>38,125</u>	<u>76,344</u>
	1,981,245	2,002,184
Less accumulated depreciation	<u>(1,568,024)</u>	<u>(1,517,465)</u>
	<u>\$ 413,221</u>	<u>\$ 484,719</u>

**BOYS AND GIRLS CLUB OF SAN MARCOS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**H. PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense for the years ended June 30, 2021 and 2020 was \$86,778 and \$93,711, respectively.

**I. OPERATING LEASE OBLIGATION**

The Club leases land for \$1 per year from the City of San Marcos under an agreement expiring in September 2043. No amounts have been reflected in the financial statements for donated rent or a promise to give because there is no clear measurable and objective basis for determining its value.

The Club leases a space for \$1 per year from the City of San Marcos, at 413 Autumn Drive, San Marcos, CA 92069, under an agreement expiring in September 2046. No amounts have been reflected in the financial statements for donated rent or a promise to give because there is no clear measurable and objective basis for determining its value.

**J. MAJOR GRANT CONTRACTS**

After School Education and Safety (ASES) Program: There are contract agreements between San Marcos Unified School District and the Club (contractor) to operate an ASES program to improve academic achievement and provide safe and healthy recreation and prevention activities for students at qualified school sites. Initial grant contract terms covered a three years period with extensions. Although this period has expired, the contract terms are eligible for renewal on an annual basis, and were renewed for the years ended June 30, 2021 and 2020. Award amounts totaled \$774,957 and \$773,972 for the years ended June 30, 2021 and 2020, respectively. Payments received totaled \$795,641 and \$753,237 for the years ended June 30, 2021 and 2020, respectively. Due to the COVID-19 Pandemic, not all awarded funds were used due to the shutdown of the afterschool programs. The remainder will be carried over to the next year.

Boys & Girls Club National Youth Mentoring Program (OJP): There are contract agreements between Boys & Girls Clubs of America and the Club (contractor) to create and/or preserve full-time equivalent paid staff positions and to implement or expand an evidence-based mentoring program. Grant contract terms cover a calendar year period. Any remaining amounts may carry forward to the next year. Total payments received for the years ended June 30, 2021 and 2020 were \$45,826 and \$ 51,248, respectively.

Copper Creek After School Program: There are contract agreements between BRIDGE Housing Corporation and the Club (contractor) to operate after school programs at Copper Creek Apartments to provide academic readiness and decreased tolerance for bullying and violence programs to youth members. The grant contract terms cover a calendar year period. Total payments received for the years ended June 30, 2021 and 2020 were \$29,076 and \$12,964, respectively.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**J. MAJOR GRANT CONTRACTS (CONTINUED)**

Clubhouse Network: There are contract agreements between The Clubhouse Network and the Club (contractor) that provide grants to the Club when it establishes certain programs as follows: (1) Clubhouse-to-Career Pathways to Success Program for which \$35,000 and \$45,000 was received for the years ended June 30, 2021 and 2020, respectively, (2) Refresh & Retool Grant for the Club's Teen Tech Center for which \$10,000 and \$10,000 was received for the years ended June 30, 2021 and 2020, respectively and (3) an annual membership that includes a grant and license agreement for the Club's Best Buy Teen Tech Center for which \$50,000 and \$50,000 was received for the years ended June 30, 2021 and 2020, respectively.

Hope through Housing After School Program: There are contract agreements between the Hope Through Housing Foundation and the Club (contractor) to operate after school programs at satellite sites located in four different affordable housing sites to provide academic readiness and decreased tolerance for bullying and violence programs to youth members. The grant contract terms covered ten-month periods from September 2020 through June 2021 and August 2019 through June 2020. Award amounts totaled \$12,000 per month (up to \$120,000) for the years ended June 30, 2021 and 2020. For the years ended June 30, 2021 and June 30, 2020 there were additional funds provided for summer programs. Total payments received for the years ended June 30, 2021 and 2020 were \$111,714 and \$96,750, respectively. Due to the COVID-19 Pandemic, not all awarded funds were used due to the shutdown of the afterschool programs. The remainder will be carried over to the next fiscal year.

Neighborhood Reinvestment Program: There is a contract agreement between the County of San Diego and the Club (contractor) to help offset building improvements costs for such as electrical, millwork, drywall and flooring for the new Autumn Drive facility. The grant contract terms cover the thirteen-month period from April 2021 through May 2022. Amount awarded and received for the year ended June 30, 2021, was \$100,000. These funds were not used and will be used in the next fiscal year. See Note K, for restricted funds.

Tenant Reimbursement Agreement: There is a contract agreement between the City of San Marcos (City) and the Club (lessee) to receive reimbursement funds for the tenant improvement costs associated with the 413 Autumn Drive lease. The agreement began in May 2021 and will continue until the later of (a) project completion (b) issuance of Certificates of Occupancy or equivalent and (c) the City has distributed the amount of committed funds. The City will reimburse the Club up to \$500,000 for tenant improvements to complete the project plans dated October 1, 2020. The Club has not received any reimbursement funds for the year ended June 30, 2021.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**K. RESTRICTED NET ASSETS**

Changes in restricted net assets for the year ended June 30, 2021 are as follows:

<u>Purpose restrictions</u>	<u>2020</u>	<u>Additions</u>	<u>Released</u>	<u>2021</u>
Best Buy scholarship	\$ 5,000	\$ -	\$ -	\$ 5,000
Youth of the year scholarships	347	-	(347)	-
Flapjacks for backpacks	-	500	-	500
Autumn Drive improvements	<u>-</u>	<u>110,962</u>	<u>(475)</u>	<u>110,487</u>
	<u>5,347</u>	<u>111,462</u>	<u>(822)</u>	<u>115,987</u>
<u>Permanently restricted</u>				
Endowment fund	<u>65,001</u>	<u>-</u>	<u>-</u>	<u>65,001</u>
	<u>65,001</u>	<u>-</u>	<u>-</u>	<u>65,001</u>
	<u>\$ 70,348</u>	<u>\$ 111,462</u>	<u>\$ (822)</u>	<u>\$ 180,988</u>

Changes in restricted net assets for the year ended June 30, 2020 are as follows:

<u>Purpose restrictions</u>	<u>2019</u>	<u>Additions</u>	<u>Released</u>	<u>2020</u>
Best Buy scholarship	\$ -	\$ 5,000	\$ -	\$ 5,000
Youth of the year scholarships	<u>347</u>	<u>10,000</u>	<u>(10,000)</u>	<u>347</u>
	<u>347</u>	<u>15,000</u>	<u>(10,000)</u>	<u>5,347</u>
<u>Permanently restricted</u>				
Endowment fund	<u>65,001</u>	<u>-</u>	<u>-</u>	<u>65,001</u>
	<u>65,001</u>	<u>-</u>	<u>-</u>	<u>65,001</u>
	<u>\$ 65,348</u>	<u>\$ 15,000</u>	<u>\$ (10,000)</u>	<u>\$ 70,348</u>

**L. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Club to concentrations of credit risk consist principally of cash deposits and investment securities in bank and financial institutions. The Club maintains cash and cash equivalents and short and long-term investments with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At June 30, 2021 and 2020, the Club had balances in excess of the FDIC coverage of \$521,159 and \$44,124, respectively.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**L. CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

The Club also maintains accounts with a brokerage company. These accounts contain cash and securities and balances are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Company (SIPC). At June 30, 2021 and 2020, the Club had a balance in excess of coverage of \$844,602 and \$495,995, respectively.

**M. PENSION PLAN**

On July 1, 2014, the Club adopted a defined 401(k) profit sharing plan. The plan is open to all eligible employees. The Club makes a mandatory three percent (3%) contribution per the requirements of Boys and Girls Club of America. In addition to that, the Club matches 100% up to 4% of employees' compensation. Employees become vested in the plan based on a two-to-six year graded vesting scale.

The total pension expense for the years ended June 30, 2021 and 2020 was \$28,442 and \$32,185, respectively.

**N. REVENUE CONCENTRATION**

The Club received several grants from the San Marcos Unified School District, which provided \$795,691 and \$753,237, or approximately 27% of the Club's total revenue for year ending June 30, 2021 and 32% for the year ended June 30, 2020.

**O. COVID-19 PANDEMIC**

During March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Club's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Club is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

With the outbreak, the children and communities served by the non-profit industry have experienced an increased demand for assistance. The Club, while complying with government mandates, is partnering with many state and local officials to continue to serve children and families during the crisis.

**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**P. CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT /ADOPTION OF ACCOUNTING POLICY**

PPP loan

The Paycheck Protection Program ("PPP") was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

On April 10, 2020, the Club received loan proceeds in the amount of \$221,100 under the PPP round one distribution and on January 25, 2021 received loan proceeds in the amount of \$340,222 in the round two distribution.

The Club received forgiveness in full of the first PPP loan on January 12, 2021 and the second PPP loan on January 12, 2022. Accordingly, the funds have been accounted for in accordance with FASB ASC 958-605 whereby the PPP loan funds are treated as a conditional governmental grant and recorded as a refundable advance. As the qualifying payroll expenses are incurred, the Club recognizes contribution revenue and decreases the refundable advance. The amount of funds included in grant revenue in the statement of activities for the years ended June 30, 2021 and 2020, was \$412,896 and \$148,426, respectively, leaving \$0 and \$72,674 at June 30, 2021 and 2020, respectively, to be expensed as the related payroll expenses were incurred in the next fiscal year.

ERC

The CARES Act provides an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

The Club is eligible for the ERC and filed Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ended March 31, 2020, June 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021. Total refunds of \$266,062 were received subsequent to June 30, 2021 and \$162,416 have been applied for but not received to date. Management and the board of directors are of the opinion that all of the conditions have been met and the Club will receive the refunds. Accordingly, the funds have been accounted for in accordance with FASB ASC



**BOYS AND GIRLS CLUB OF SAN MARCOS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**P. CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT /ADOPTION OF ACCOUNTING POLICY (CONTINUED)**

ERC (continued)

958-605 whereby the ERC credits are treated as a conditional governmental grant and recorded as a refund receivable. The subsequent refund received and amount receivable have been reflected in grants receivable on the statement of financial position and grant revenue in the statement of activities at and for the year ended June 30, 2021.

**Q. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 24, 2022, the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to June 30, 2021 that would require adjustment to, or disclosure in the financial statements.